

I am Doña Storey, President and CEO of an award winning business for 29 years and the daughter of a Filipino immigrant who was also a successful business owner and entrepreneur. I am the developer of the up and coming book series “**Doing Business with the World’s Biggest Customer.**” After 14 years in business as a management and marketing consultant, I was engaged by a defense contractor to help their firm with a series of commercially based technology transfer projects. After a successful completion they encouraged me to look into the 8(a) program. I did, and the rest is history. Although I was in that dangerous position of not knowing what I didn’t know, I was able to figure it out. It wasn’t the big primes that made it happen. Since I wasn’t an IT or high tech firm they wouldn’t give me the time of day. Other small firms that had been successful passed helpful hints on to me. The SBA’s 8a district deputy helped where they could but I presented them with a different industry model and my business offered them a challenge. It took me longer, but I made it.

I come here today to enter my statement of opinion in regards to the growth and opportunities of those firms that have chosen to do business with the U.S. government or have the desire and capacity to do business with the federal government. I speak from experience and informal research derived from the last 15 years of growing my firm by way of government contracts.

As in all things in life there is positive and negative in everything. I will frame my comments by explaining my thoughts and experiences in the same way.

The good thing about the small business outreach programs is that they have been around for a long time...the bad news is that the programs have many features needing change that have been allowed to stand thus breeding stagnation in the system. Below I will discuss the key areas for consideration in what I consider the order of importance.

Small business training programs

Misplaced small business programs

## **Small Business Training Programs**

### *SBDC/PTAC Programs*

The government has recently developed what I will call good “pointer” programs. Using agency websites and funding SBDC’s, PTAC’s, and Women Center’s they will point you in the right direction. The problem is with the conceptual design of the programs themselves. Once again provided with good intentions these programs need rethinking after the realities *not* the existing data has been examined. Am I saying we should not continue such programs...absolutely not. I am for reengineering the programs. First small businesses should be able to compete for the funding to run one or any of these centers. Their experiential knowledge is invaluable and the missing link to what could fill the gap which is sorely missing in small business programming. At this time, a PTAC must depend on business people to volunteer their time to provide this experiential learning event. What is worse is that those people hired as director do not

bring the key experiences to the table needed in this unique environment... and it is unique.

In the very least firms such as mine should be able to play a paying role in the implementation of these programs to make them “complete.” Pointing is good, but hands on advice rounds out the program. The mere fact that no one is even thinking this makes my point. They don’t know what they don’t know as part of the institutional thinking managing the programs. It takes a business thinker and most likely a small business thinker to see the light. When I have brought this up the sheer fear and paranoia on faces says this will become a “rice bowl” issue. It is about **change** for the good.

The only true metric to prove the value of these programs does not exist. The metric being used is what I have called the “touch” or inquiry metric. The success of the program is measured on the number of companies you talk to or are exposed to. The metric that needs to be tracked is the success or “get it done” metric. Did they successfully identify the real need from each firm and was the need fulfilled. I have been logging what I will, tongue-in-cheek, call the “frustration metric” surrounding these programs. I am a speaker at a number of government conferences nationwide. In addition I attend many conferences as well. The hallways are filled with firms looking for the most basic knowledge that is critical to not only their growth but in this day in time, their survival. I know of a woman right now who called me from another state who heard of me through a speaking engagement. She actually lost her first sole source contract award because between the PTAC and the SBA no one could give her one key basic answer to a question. I am not blaming these resources for not having the type of

answers this woman needed, but the system needs to be reexamined for efficiencies.

I do not advocate that the system spoon feed small firms. I believe in our free market system. Those firms that can make it will... those that cannot will not. Education in the right format provided by the right people will help level the playing field

We are now facing what I will call the perfect storm in contracting: an inexperienced base of new contracting officials, new businesses trying to enter into the federal marketplace to capture stimulus money and a system for support that sets a false expectation for what it should do and what it is not able to deliver.

The centers are staffed and funded metaphorically to allow a starving person to see a picture of a steak dinner, smell the steak dinner, but never show that person the way to actually taste and eat the steak dinner. The SBDC and PTAC concept is great, but the money available to run such programs should be open to small businesses such as mine to compete for their management. These centers are being run by the cliché old-school thought that a university or non-profit can provide better coaching. I am sorry, as a whole, they cannot. They are underfunded and lack hands-on knowledge. If the truth be known, the typical center gets the money and then they hire a director who has never run a successful firm and/or has never owned a firm which has won and executed a federal contract. The centers then come to “experts” like me to give them free advice and workshops to give their company clients the knowledge they really need in

knowing how to grow, finance their firms and avoid the landmines they have to navigate every day. These programs are doing a lot of good checking boxes and making people think something is being done while in fact we introduce small companies to concepts that make them realize how much help they need. It also makes them prey for the real beltway bandits who are charging incredible amounts of money to guarantee getting you contracts.

Efficiencies would be greater to take all of the monies for PTAC's, women's centers, and now, the vet's center's and have them run regionally by administratively sharing funds and allowing small business subcontractors to compete and deliver the appropriate training and consulting. There isn't a version of the F.A.R. just for vets and one for women and one for minorities. It's the same F.A.R. for all of us, and any specific information for certifications is an easy module to implement. The irony here is that the government is trying to solve a business problem with an institutional bureaucratic mindset, and it is wasting money and not delivering the product expected.

### *Mentor-Protégé Programs*

I believe these programs with some rethinking and re-engineering hold out the best hope we have in this country of growing our base in small firms... government, business or commercial. The problem is what we have in most cases is that the money is going to a limited group of mentors. Ask any small firm and they will tell you that there comes a time in the M-P relationship between the big guys and your firm when the big guy's "get it

factor” is not what it should be when understanding the real challenges of the small business person. The big guys “recognize” the problems, but cannot identify personally with the dilemma and the tough choices that often must be made. I do believe that the programs are great and the large firms absolutely have a role to play in the growth of small firms.

The change I might recommend in the program is to have the same concept that’s applied to competition of other government contracts and require a portion of the M-P budgets set-aside for small businesses to compete to manage mentor-protégé agreements. It might be that the smaller firms that most of the big guys don’t want to be bothered with are just the diamonds in the rough that a small business could coach to the next level of capacity. Usually the small businesses selected by the primes to mentor have already been subcontractors for years and quite frankly are big enough to go it alone with minimal help. When the current DOD M-P program is examined, the firms being grown could have been grown with a credit only program with no cost to the government. This program is upside down. The mentor-protégé programs getting no money for the mentors are those that “allow” a small firm to mentor another small business... on their own dime... no overhead coverage from the government like the big guys get. Trust me, it is a bigger budget hit for a small firm to mentor another small firm dollar for dollar than for a large firm. Being able to “own” part of the firm is supposed to be a great incentive... that same holds true for a large firm but once again the risk taken on is far greater for the small business. If the large prime Mentors subcontract training out it has to go to the PTAC’s or the HBCU’s... again non-profits and universities, as though they have the magic answers.

Years ago I held what I will call my dream contract. I received a call from someone in the Navy asking if I would be interested in working on a contract to help small businesses grow their firms to win more federal contracts. I had been identified as someone who had struggled to bootstrap my way along to grow a successful small firm into an award winning firm. I had used my own struggles as a platform to advocate for those coming along behind me. I was on a mission to help others shorten their length of time in their struggles. How did I come along? I had been mentored by a mid-size/small (by SBIR standards) firm in the very first mentor-protégé program. This employee-owned firm was small enough for me to actually work with all of the corporate officers and the original principal owners of the firm. In addition through the years the best experiential learning I received was from other successful small business owners who could identify with my issues.

And so, the Navy representatives having heard of me, I was interviewed and asked to develop a new learning concept based on what I thought small firms needed. Little did I know this program was funded by something called an earmark. In those days I did not know the term nor knew what it was. I just knew I had been selected to test my concepts. Although not asked, I developed and tracked my metrics on the growth of these firms we assessed and coached. Our findings were interesting. Given what DOD was spending at the time, we were providing essentially the same training for ten cents on the dollar compared to the average mentor in the major program. I even had profit on my contract. The Primes are supposed to omit profit in their agreements... and I still was able to provide a solution for far less.

Where does the M-P program excel? In technology transfer agreements. Later in the growth of my firm I entered into a M-P credit only agreement where the mentor was a publically traded manufacturer. In order to grow our relationship my company was given a technology platform to link to their factories for our firm to grow a new management concept. That opportunity proved quite successful and launched our firm to that proverbial next level. We are now the firm of note in a niche area of project management... no cost to the government in reimbursable funds... just small business credits to a manufacturer to grow us as a teaming partner of choice. Our concept... their platform... a winning team... no cost to the government.

### *Misplaced Programs*

I am a strong believer that the HUB zone program has good intentioned applicability in our economy. Having said that, I firmly believe it is an economic development program and not a small business program. The legislation is written such that the firm that reaches the goal of program... employing people in a HUB zone and thus bring up the community standard is then taken out of the program and loses their competitive edge...not a reward for all of the investment that they put into moving into a hub zone. I believe this is why the program has had thus far so many problems with the program... good intention... wrong category for implementation.



### *Alaskan Native corporations*

I will not go into all of the now documented problems of this program. It is sucking the life out of the growth of the 8(a) program and seriously limiting the opportunities for firms such as I had coming along. Once again, this is not a small business program... it is a misplaced economic development program. This problem is exacerbated by the fact that money is being jammed through the contracting system without an ample experienced acquisition workforce.

### **Close**

In closing I will say I am still on a mission to find ways to provide the least expensive and most effective way to share information that helped me. More than ever the time is right to get this information out. I am working on a website at my own expense that will feature hands-on materials and a media center sharing interviews of how successful small firms grew their companies. We have also taken everything we have learned and put it down in a series of books that are easy to read and filled with templates and how-to scenarios. This series picks up where the outreach pointer programs stop. They are featured on the website.